

December 6, 2002

Luly E. Massaro
Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Docket 3445, Offer of Settlement by Conversent Communications of Rhode Island, LLC and Cox Rhode Island Telcom L.L.C.

Dear Ms. Massaro:

In accordance with the existing procedural schedule, please accept this letter as an offer of settlement by Conversent Communications of Rhode Island, LLC ("Conversent") and Cox Rhode Island Telcom L.L.C. ("Cox").

As an offer of settlement, Conversent and Cox would agree to the proposed Alternative Regulation Plan applicable to Verizon Rhode Island intrastate operations based on the following change to paragraph O of the Appendix 1 to the Settlement Agreement filed by Verizon and the Division:

O. Price Floor

At such time as Verizon RI files any tariff proposing decreases in any of its retail rates for services currently offered or proposing initial retail rates for new offerings, Verizon RI will include with such filing a cost analysis calculating a price floor for those services. The price floor shall be equal to the TELRIC UNE rates for the elements that make up the retail service, plus a mark-up for Verizon's retailing costs as reflected in the wholesale discount. The price floors will be density-zone specific. In all proceedings concerning Verizon RI's compliance with the price floor, Verizon RI retains the burden of proving that its proposed prices exceed the appropriate price floor.

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As stated, in Conversent's letter to the Commission of December 5, 2002, due to scheduling limitations, Conversent will not have a witness available at the hearing, currently scheduled for December 11, 2002. Cox's expert witness is similarly unavailable. However, the proposed revision to paragraph O of the Appendix to Verizon/Division Settlement Agreement, pertaining to the need for a UNE based TELRIC floor instead of a LRIC based floor was simply supported by the testimony of Conversent's witness, Dr. August Ankum, at the evidentiary hearing held on November 21, 2002.¹

The terms of this offer of settlement are offered for settlement purposes only, and nothing in this offer of settlement shall be construed as a waiver by either Conversent or Cox of any argument or position that has been, or may be, asserted by them in this proceeding.

Conversent and Cox attest that this offer of settlement is reasonable, in the public interest and in accordance with law and regulatory policy.

Thank you for your consideration of this offer of settlement. If you have any questions, please do not hesitate to contact the undersigned.

/s/

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/s/

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CC: Service List

¹ The offer of settlement is also subject to the clarification that Verizon is not seeking pricing flexibility for collocation services.